

# HUD FLASH

*Covering Eastern Washington Communities*



**U.S. Department of Housing and Urban Development  
Eastern Washington Field Office, Spokane -- Region X**

[www.hud.gov](http://www.hud.gov)

June 2005

[espanol.hud.gov](http://espanol.hud.gov)

## June is Homeownership Month

Helping more Americans become homeowners is a national priority. HUD's committed to helping everyone - especially first-time homebuyers and minority families - learn about the opportunities to own a home of their own. On this flyer, and on HUD's website <http://www.hud.gov/>, you will find information about how you, too, can live the American Dream.

### **Housing Counseling And Homebuyer Education**

Housing counseling agencies can provide homebuyer education classes and free advice on buying a home, renting, mortgage defaults and foreclosures, credit issues and reverse mortgages. Call (800) 569-4287 to find a housing counselor near you, or visit <http://www.hud.gov/counseling>

### **Downpayment Assistance Programs**

Many cities, counties and non-profit organizations offer downpayment and closing cost assistance. See below for a list of programs, or visit <http://www.hud.gov/localbuying>

### **HUD Homes**

HUD sells properties at a reduced price. Learn more about HUD Homes on our website: <http://www.hud.gov/homes>

### **HUD's FHA Mortgage Insurance Programs**

HUD insures mortgage loans to help people buy a home or refinance their current home. Check out a low down payment FHA-insured mortgage, or a Streamline (K) mortgage, which makes it easy to finance those remodeling projects. Learn more about our mortgage insurance programs: <http://www.hud.gov/buying/insured.cfm>

### **Fair Housing**

Federal law prohibits housing discrimination based on your race, color, national origin, religion, sex, family status, or disability. Know your rights. If you believe you have experienced housing discrimination, or if you want to report suspected housing discrimination, call (800) 877-0246 or file a complaint online: <http://www.hud.gov/fhcomplaints>

### **Predatory Lending**

Be an informed borrower! Know all the terms and conditions before you sign a loan document. Housing counseling agencies can help you understand the mortgage loan process. Call (800) 569-4287 to find a housing counselor near you. Visit our website to learn more about predatory lending <http://www.hud.gov/predatorylending> and settlement procedures <http://www.hud.gov/settlement>

## More Web Resources For Homebuyers

Homebuyers Kit: <http://www.hud.gov/buying>

Homeownership: <http://www.hud.gov/homeownership>

Housing Resources for Native Americans: <http://www.hud.gov/groups/nativeamericans.cfm>

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## *Creating Housing Opportunities for Native Americans, Alaska Natives & Native Hawaiians through HUD’S Section 184 Loan Guarantee Program.*

HUD approved the Spokane Tribe’s request to expand its “Indian area” to include all of Spokane, Stevens, and Lincoln counties. This approval allows all members of federally recognized tribes wider use of a HUD guaranteed home loan program that will help Native Americans in northeastern Washington become homeowners. This expansion is not limited to members of the Spokane tribe and will enable any Native American, who is a member of a federally recognized tribe, to use this loan program to purchase a home anywhere in Spokane, Lincoln, or Stevens counties.

### **What is the Section 184 Loan Guarantee Program?**

The Section 184 Loan Guarantee Program was created by the Housing and Community Development Act of 1992 to address the lack of mortgage lending in Indian Country. The 184 program offers a loan guarantee to private sector lenders who make mortgage loans to eligible borrowers for homes located in Indian Country. Native families can utilize this federally guaranteed mortgage loan product to purchase a home on tribal trust lands, allotted lands, or fee simple lands that are within an approved Indian service area.

### **Benefits of the 184 Loan Guarantee Program**

- Low down payment of 1.25% to 2.25% based on the lower of the appraised value or cost to acquire the home
- The maximum loan is 150% of the FHA mortgage limit subject to appraised value and down payment requirements
- One qualifying ratio: 41% total debt to gross income ratio which can be exceeded with compensating factors.
- 100% guarantee to the lender in the event of a foreclosure and claim.

### **Eligible borrowers include:**

- Native individuals
- Tribes
- Tribally Designated Housing Entities

### **Section 184 can be used for:**

- Purchase of an existing home
- Rehabilitation of existing home
- Purchase and rehab of an existing home.
- New Construction – Stick built or Manufactured home on foundation
- Refinancing

### **Approved Eastern Washington Lenders currently offering the Section 184 Programs:**

- American West Bank
  - Banner Bank
  - First Federal Savings and Loan Association
  - Horizon Bank
  - Key Bank
  - Major Mortgage
  - Washington Mutual
  - Wells Fargo
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## **Federal Housing Administration (FHA) Loan Programs**

### **Mortgage Insurance for One to Four Family Homes - Section 203(b)**

FHA's mortgage insurance programs help low- and moderate-income families become homeowners by lowering some of the costs of their mortgage loans. FHA mortgage insurance also encourages lenders to make mortgages to otherwise creditworthy borrowers and projects that might not be able to meet conventional underwriting requirements, by protecting the lender against default on mortgages for properties that meet certain minimum requirements--including manufactured homes, single-family and multifamily properties, and some health-related facilities.

Single-family mortgages insured by FHA under Section 203(b) has several features:

- Downpayments to as little as 3 percent.
- Many closing costs can be financed.
- Some fees are limited. FHA rules impose limits on some of the fees that lenders may charge in making a mortgage.

FHA-approved lending institutions, such as banks, mortgage companies, and savings and loan associations, can make insured Section 203(b) mortgages. Anyone intending to use the mortgaged property as their primary residence is eligible to apply for an FHA insured mortgage. This program is not open to investors.

**For more information go to: <http://www.hud.gov/offices/hsg/sfh/ins/203b--df.cfm>**

### **Rehabilitation Mortgage Insurance (Section 203(k))**

Section 203(k) insurance enables homebuyers and homeowners to finance both the purchase (or refinancing) of a house and the cost of its rehabilitation through a single mortgage - or to finance the rehabilitation of their existing home. The cost of the rehabilitation must be at least \$5,000, but the total value of the property must still fall within the **FHA mortgage limit for the area.**

**For more information go to: <http://www.hud.gov/offices/hsg/sfh/203k/203k--df.cfm>**

### **\*\*NEW\*\* "Streamline(K)" Limited Repair Program**

The Department of Housing and Urban Development has developed a limited repair program, designated as the Streamline(K) Limited Repair Program. The Streamline(K) program is a modification of the 203(k) program to facilitate **purchase transactions** in which the property needs minor rehabilitation work. The Streamline(K) program is intended to assist homeowners with basic repairs costing between \$5,000 and \$15,000. Unlike the standard 203(k) program, **any** FHA approved mortgagee may originate a Streamline(K) mortgage.

Repairs must comply with all local codes and ordinances. The mortgagor and/or contractor must obtain all required permits prior to the commencement of work. For more information go to [www.hudclips.org](http://www.hudclips.org) -- Mortgage Letter 2005-19.

### **Property Improvement Loan Insurance (Title I)**

The Title I program insures loans to finance the light or moderate rehabilitation of properties, as well as the construction of nonresidential buildings on the property. This program may be used to insure such loans for up to 20 years on either single- or multifamily properties. The maximum loan amount is \$25,000 for improving a single-family home or for improving or building a nonresidential structure.

For more information go to: <http://www.hud.gov/offices/hsg/sfh/title/title-i.cfm>

### **Energy Efficient Mortgages Program**

The Energy Efficient Mortgages Program (EEM) helps homebuyers or homeowners save money on utility bills by enabling them to finance the cost of adding energy-efficiency features to new or existing housing as part of their FHA-insured home purchase or refinancing mortgage.

EEM can also be used with the [FHA Section 203\(k\) rehabilitation program](#) and generally follows that program's financing guidelines. FHA-approved lending institutions-which include many banks, savings and loan associations, and mortgage companies-can make loans covered by EEM insurance.

For more information go to: <http://www.hud.gov/offices/hsg/sfh/eem/energy-r.cfm>

### **Home Equity Conversion Mortgage Program**

The Home Equity Conversion Mortgage (HECM) program enables older homeowners to withdraw some of the equity in their home in the form of monthly payments for life or a fixed term, or in a lump sum, or through a line of credit. The HECM Program enables an older home owning family to stay in their home while using some of its built up equity. The program allows such a household to get an insured reverse mortgage-a mortgage that converts equity into income. Because older persons can be vulnerable to fraudulent practices, the program requires that persons receive free reverse mortgage housing counseling from a HUD-approved reverse mortgage-counseling agency before applying for a reverse mortgage.

For more information go to: <http://www.hud.gov/offices/hsg/sfh/hecm/hecm--df.cfm>

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### **\*\*\*\*New Contractor for Single Family Real Estate Owned (REO) Properties\*\*\*\***

Effective June 1, 2005, HUD's Real Estate Owned properties will be handled by:

Harrington, Moran, & Barksdale, Inc. (HMBI)

13555 S.E. 36<sup>th</sup> Street, Suite 150

Bellevue, WA 98006

Phone Number: (425) 378-9500

Toll Free Number: (866) 317-4624

Fax Number: (425) 747-7465

Email address: [Bellevue@hmbireo.com](mailto:Bellevue@hmbireo.com)

Website: [www.hmbireo.com](http://www.hmbireo.com)

### **Trainings, Workshops and Conferences**

**June 18<sup>th</sup> – Northeast Community Center Association Housing Fair. 10:00 a.m. to 4:00 pm. 4001 N. Cook, Spokane, WA.**

**June 23<sup>rd</sup> – HUD Fair Housing Workshop – 10:00-12:00, Okanogan Bingo Casino, 41 Appleway Road, Okanogan, WA. For more information call Kim McCollim @ 509-353-0674**

**June 23<sup>rd</sup> – Community Planning Resource Workshop for Okanogan & Ferry Counties. 12:00 – 3:00 Okanogan Bingo Casino, 41 Appleway Road, Okanogan, WA. Please R.S.V.P. for this meeting by June 16<sup>rd</sup>, so that we can have an accurate count for lunch and meeting handouts. R.S.V.P. to Marj Dahlstrom, Common Ground, 509/326-3678 ext.23, or e-mail: [marjd@commongroundwa.org](mailto:marjd@commongroundwa.org)**

**July 14<sup>th</sup> – FHA Update Seminar – 2005 – 8:00 a.m. – 4:30 p.m. Mukogawa Fort Wright Institute – Commons Building. 4000 W. Randolph, Spokane, WA. For more information contact Karen Carson @ 509-353-0674. (See attached flyer and registration form)**

<p>All questions, comments and suggestions for future newsletters can be directed to Kim McCollim, 509-353-0674 or email at <a href="mailto:kim_mccollim@hud.gov">kim_mccollim@hud.gov</a>. Please notify us if your email address changes or you wish to be deleted from the distribution list.</p>
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